

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of	)	
	)	
1998 Biennial Regulatory Review –	)	CC Docket No. 98-117
Review of ARMIS Reporting	)	
Requirements	)	

**COMMENTS OF SPRINT LOCAL TELEPHONE COMPANIES**

Pursuant to Section 11 of the Communications Act of 1934, as amended, the Commission has conducted a review of its regulations concerning ARMIS reporting requirements. On July 17, 1998, the Commission issued a Notice of Proposed Rulemaking ("NPRM") in this matter inviting comment on suggested changes resulting from that review.

**INTRODUCTION**

In its comments on the Commission's review of its accounting and cost allocation requirements (CC Docket 98-81) filed July 17, 1998, the Sprint Local Telephone Companies ("Sprint") recommended that the Commission consider eliminating completely the ARMIS reporting requirements for mid-sized LECs. Sprint continues to believe that detailed ARMIS reporting is unnecessary to monitor regulatory compliance for mid-sized LECs. The filing of cost allocation manuals, coupled with the external attestation audits, would provide the necessary assurance to the Commission that mid-sized LECs are in compliance with Commission rules. Overall, removing the ARMIS requirement for mid-

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sized companies would eliminate a significant reporting requirement that is of questionable value. Sprint, therefore, encourages the Commission to take this opportunity to consider eliminating ARMIS in its entirety for mid-sized LECs.

In the event the Commission determines that ARMIS reporting will continue, Sprint offers the following comments in response to the proposals set forth in the NPRM.

#### **I. Elimination of the Paper Filing Requirement**

Recognizing that it has come to depend almost exclusively on electronic versions of ARMIS filings, the Commission suggests that it should eliminate the requirement that paper ARMIS reports continue to be filed. Sprint enthusiastically endorses this proposal. Sprint filed its 1997 ARMIS reports electronically with little problem. Consequently, the lingering requirement to follow-up with a paper copy causes Sprint needless time, effort and expense. Sprint estimates the cost of producing a paper copy of the report to be \$400 per study area. For Sprint, this requirement adds an additional \$6,800 to its total ARMIS expense. As the Commission itself has realized, the paper filing serves no real purpose. The Commission, therefore, should not only adopt its tentative conclusion and eliminate the requirement, but also should extend the proposal to include diskette files once files are successfully transmitted electronically.

## **II. Elimination of Data from ARMIS 43-04 and 43-01**

The Commission next proposes removing some 114 rows of data from the ARMIS 43-04 Access Report by eliminating information pertaining to equal access, inside wire, and payphone investment. These same items would be deleted from the corresponding ARMIS 43-01 Annual Summary Report. The Commission explains that, with equal access being nearly complete and inside wire and payphone investment no longer being regulated, there is no need for this detail to be filed for regulatory oversight purposes.

Sprint agrees with the Commission's reasoning and supports the elimination of this data from future ARMIS reports.

## **III. Reduced Reporting Requirements for Mid-Sized LECs**

Echoing a proposal made in the context of its review of accounting and cost allocation requirements, the Commission has recommended permitting affiliated LECs with aggregated revenues of less than \$7 billion to be eligible for streamlined ARMIS reporting responsibilities. The Commission reasons that the carriers' costs of implementing ARMIS are largely fixed with respect to the number of access lines served. That being the case, it can be concluded that on a per access line basis, mid-sized LECs incur substantially higher costs of complying with ARMIS reporting requirements than do large LECs.

Sprint applauds the Commission's recognition that mid-sized LECs, such as the Sprint LECs, require relief from the administrative burdens that

accompany ARMIS reporting. The Commission is correct in its expressed belief that the level of detail required of a mid-sized LEC is both burdensome and costly to provide. For example, Sprint estimates that it spends in excess of \$1 million per year for ARMIS preparation and filing costs – a significant amount of money to expend for just one regulatory reporting requirement. Therefore, Sprint encourages the Commission to adopt its proposal as outlined in paragraphs 6 and 7 of the NPRM.

Sprint also suggests that the Commission go one step further. Since it has proposed implementing the new \$7 billion aggregate threshold, Sprint recommends that the \$112 million indexed revenue threshold for individual companies be increased to \$275 million. Sprint asserts that this proposal, like the tentative conclusions presented by the Commission both in this docket and CC Docket No. 98-81, would relieve mid-sized LECs of burdensome filing requirements without significantly impacting the level of data the Commission receives through ARMIS reports.

In paragraphs 8 and 9 of the NPRM, the Commission tentatively concludes that it should eliminate 21 tables in the ARMIS 43-02 USOA Report. Sprint agrees with the Commission that the information contained in tables B-3 and B-5 through B-15 is not essential for the Commission's review activities and, therefore, should be eliminated. Sprint also urges the Commission to consider the elimination of tables B-4, I-2 and C-3 as well. Tables B-4 and I-2 contain

precisely the same information as the CAM Audit Spreadsheets, which are filed a month after the ARMIS reports. In order to avoid this needless duplication, the Commission should act to abolish either these ARMIS tables or the CAM Audit Spreadsheets.

Sprint questions the continued need to file table C-3, "Board of Directors and General Officers." The purpose of ARMIS is to provide the Commission with information to help it ensure a company is in compliance with Commission rules. Clearly, corporate officer and director information is not necessary for Commission review purposes. Moreover, to the extent the Commission finds that it needs to contact a company director or officer, that information is both publicly available, through the company's annual report, or from the company itself. Table C-3 should, therefore, be eliminated.

At paragraph 10, the Commission asks whether mid-sized LECs should be required to maintain subsidiary record categories to provide the data on pole attachment formulas now provided in the Class A accounts, and to report in ARMIS the information in those accounts as well as other information required by the pole attachment formula. Sprint maintains that, while additional detail necessary for the pole attachment formula should be maintained in subsidiary records, the Commission should not formalize this data by requiring it to be contained within ARMIS reports. Should the Commission require access to the

data contained in these subsidiary accounts, it can easily request it from the relevant LEC.

Paragraph 11 of the NPRM seeks comment on the Commission's tentative conclusion that eligible carriers should be permitted to file at the Class B level of detail in the ARMIS 43-03 Joint Cost Report. Such a change is consistent with the Commission's stated intentions for accounting and CAM treatment for mid-sized LECs as outlined in CC Docket 98-81. Sprint certainly agrees with the Commission's conclusion that it should reduce the amount of information contained in this report – which is currently comprised of approximately 200 lines of detailed data.

Moreover, Sprint asserts that, since ARMIS 43-03 is designed to be a monitoring device that allows the Commission to ensure application by the LECs of the cost allocation processes, the data contained in 43-03 should mirror that contained in the CAM. However, while the CAM is compiled and submitted on a company-level basis, data contained in ARMIS 43-03 is to be reported on a study area basis. This inconsistency should not be permitted to continue. The Commission itself has, in the recent past, rejected the notion of making ARMIS reports incompatible with the CAM. Specifically, in considering changes in cost allocation methods that would effect ARMIS reports, the Commission stated that “[t]he CAMS do not describe how costs are allocated between jurisdictions. We therefore see little benefit in requiring carriers to report cost pool allocations by

jurisdiction.”<sup>1</sup> Sprint asserts that this same reasoning applies to the concept of reporting non-regulated amounts for ARMIS on a study area basis when CAM reporting is done on a company basis. The Commission should, therefore, harmonize the reporting methodologies and cause the ARMIS 43-03 report to be filed on a company-level basis.

Finally, in paragraph 12, the Commission has suggested allowing eligible carriers to report the data in ARMIS 495A Forecast Report and the ARMIS 495B Actual Usage Report, at a Class B level of detail. For the reasons stated above, Sprint supports the Commission’s move to a reduced level of reporting in these particular reports for mid-sized LECs.

#### **IV. Implementation of Changes**

In this NPRM, the Commission has concluded that it is appropriate to implement a reduced level of reporting for mid-sized LECs. Recognizing that current ARMIS reporting requirements are burdensome and require a significant expenditure of resources by the LECs, Sprint urges the Commission to act quickly to adopt the charges outlined in the NPRM such that the new rules are effective for the upcoming 1998 ARMIS reporting period.

#### **CONCLUSION**

Sprint is encouraged by the direction taken in the Commission’s biennial review and the concomitant proposals for change that have resulted. While Sprint understands that these changes, if adopted, would be applicable to the

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<sup>1</sup> DA 93-765, paragraph 42.

interstate jurisdiction alone, it is compelled to express here its belief that in order to gain the full benefits of the modifications proposed herein, state regulators must mirror the Commission's actions. It is Sprint's fervent hope that the states will quickly follow this Commission's lead and lessen the regulatory reporting burdens placed upon mid-sized LECs.

Respectfully submitted,

SPRINT LOCAL TELEPHONE COMPANIES

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August 20, 1998



## **CERTIFICATE OF SERVICE**

I, Melinda L. Mills, hereby certify that I have on this 20<sup>th</sup> day of August 1998, served via U.S. First Class Mail, postage prepaid, or Hand Delivery, a copy of the foregoing "Comments of Sprint Local Telephone Companies" in the Matter of 1998 Biennial Regulatory Review – Review of ARMIS Reporting Requirements, CC Docket No. 98-117, filed this date with the Secretary, Federal Communications Commission, to the persons on the attached service list.

  
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Melinda L. Mills

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